

McGuireWoods LLP
Washington Square
Connecticut Avenue N W
Suite 1200
Washington, DC 20036-5317
Phone 202 857 1700
Fax 202 857 1737
www.mcguirewoods.com

Robert Plotkin
Direct 202 857 1750

McGUIREWOODS

rplotkin@mcguirewoods.com

May 14, 2004

VIA MESSENGER

Mark D. Shonkwiler, Esquire
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

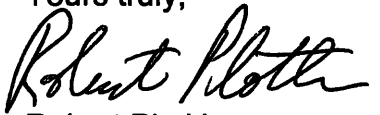
Re: MUR #5405

Dear Mr. Shonkwiler:

Pursuant to our prior agreement, enclosed please find an original and two copies of the Response to MUR #5405 by Respondents Apex Healthcare, Inc. and James Chao. We are simultaneously delivering a courtesy copy to your colleague, Ann Marie Terzaken.

Please do not hesitate to contact us should you have any questions.

Yours truly,


Robert Plotkin

Enclosures (Response and 2 copies)

cc: Ann Marie Terzaken (w/enclosure)

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2004 MAY 14 P 3:17

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COMMISSION
OFFICE OF GENERAL
COUNSEL
2004 MAY 14 P 3:36

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BEFORE THE FEDERAL ELECTION COMMISSION

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COUNSEL

GERALD L. JAECKS
Complainant

v.

DANIEL W. HYNES, HYNES FOR SENATE,
APEX HEALTHCARE, JAMES CHAO,
CHARISSA CHAO, GRACE CHAO, PHILIP CHAO
DAWN BURDELICK, KIN S. CHEUNG,
SHARON LINARES, LAWRENCE YIP, AMY YUEN,
MONICA FLETCHER, AND DOUGLAS FLETCHER
Respondents

2004 MAY 14 P 3: 36

MUR 5405

2004 MAY 14 P 3: 17

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RESPONSE TO COMPLAINT

The following is a response to the complaint filed in the above-captioned Matter Under Review ("MUR") and is submitted on behalf of Respondents Mr. James Chao and Apex Healthcare, Inc. ("Apex" or "Company"). The complaint made to the Federal Election Commission ("FEC") alleges that Apex reimbursed certain individuals for contributions they made to Hynes for Senate¹ during the first three quarters of 2003.

Respondents have no comment with regards to paragraphs 1-5 of the complaint.

Paragraph 5 of the complaint alleges that Apex Healthcare "seeks to expedite payments to providers for medical services performed for or to be paid by the State of Illinois." Apex is a small, subchapter S corporation, located in the Chicago, Illinois area that is owned entirely by James Chao. The Company provides claims processing services to a number of hospitals and other health care providers in the Chicago area, but the Company does not have a financial interest in the claims it processes. The complaint misstates Apex's address. The correct address for the Company is 440 Quadrangle Drive, Suite B, Bolingbrook, Illinois 60440.

Respondents have no comment with regards to paragraph 6 of the complaint.

¹ Hynes for Senate is the principal campaign committee of Daniel W. Hynes, who was a candidate in the Illinois Democratic primary for election to the United State Senate. The Illinois primary election was held on March 16, 2004.

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Paragraphs 7-9 of the complaint allege that Grace T. Chao, Charissa Chao, and Philip Chao lack the personal funds which would enable them to make political contributions in the amounts reported to Hynes for Senate. Grace Chao is James Chao's mother, Charissa Chao is James Chao's sister-in-law and Phillip Chao is James Chao's brother. To the best of Respondents' knowledge, all three individuals have sufficient personal funds which would enable them to make political contributions in the amounts reported to Hynes for Senate.

Paragraph 10 of the complaint alleges that Dawn Burdelick is "a clerical employee of Apex" and that her husband, Jeffrey Burdelick, also is "a clerical employee of Apex." The complaint is incorrect. Dawn Burdelick is a supervisor with Apex, not a clerical employee. Her husband, Jeffrey Burdelick, is not employed by Apex.

Paragraphs 11-12 of the complaint allege that Kin S. Cheung and Sharon Linares are clerical employees of Apex. The complaint is incorrect. Kin Cheung is a software programmer and technician with Apex, not a clerical employee, and Sharon Linares is a supervisor for the Company.

Respondents have no comment with regards to paragraphs 13-16 of the complaint.

Paragraphs 17-22 of the complaint allege that, on or about the dates referenced in paragraph 18 of the complaint, contributions were made to Hynes for Senate from James Chao, Charissa Chao, Grace Chao, Philip Chao, Dawn Burdelick, Kin S. Cheung, Sharon Linares, Lawrence Yip, Amy Yuen, Monica Fletcher, and Douglas Fletcher that were reimbursed through Apex.² The complaint further alleges that Apex and James Chao are legally responsible and culpable for making these contributions and that Daniel Hynes and his campaign committee, Hynes for Senate, are legally responsible and culpable for accepting and receiving the contributions. With three exceptions, Respondents acknowledge that the individuals identified in paragraph 18 were reimbursed through Apex for their contributions.

First, Mr. Chao's personal contributions to Hynes for Senate were not reimbursed. Mr. Chao made these contributions with personal funds and did not receive

² All of the contributions at issue were made in connection with the 2004 Illinois Democratic primary election for the United States Senate. Pursuant to the "Millionaire's Amendment" to the Bipartisan Campaign Reform Act, 2 U.S.C. § 441a(1), the individual contribution limits were increased from \$2,000 to \$12,000 for this election.

reimbursement for them from Apex or any other source. Mr. Chao had sufficient personal funds enabling him to make the contributions.

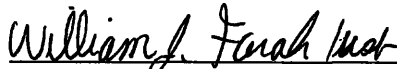
Second, the complaint mistakenly identifies Douglas Fletcher as making a contribution to Hynes for Senate. Mr. Fletcher did not make a contribution to Hynes for Senate. A contribution made by Mr. Fletcher's wife, Monica Fletcher, which was on a check drawn on their joint account, was erroneously attributed to Mr. Fletcher by Hynes for Senate. Hynes for Senate subsequently amended its 2003 July Quarterly report to indicate the correct attribution of the contribution to Mrs. Fletcher.³

Third, to the best of Respondents' knowledge, neither Daniel Hynes nor anyone associated with Hynes for Senate was aware that the contributions identified above were reimbursed.

Submitted on behalf of Respondents this May 14, 2004, by:



Robert Plotkin, Esquire
McGuireWoods LLP
Suite 1200
1050 Connecticut Avenue, N.W.
Washington, D.C. 20036
(202) 857-1750



William J. Farah, Esquire
Oldaker, Biden & Belair, LLP
Suite 1100
818 Connecticut Avenue, N.W.
Washington, D.C. 20006
(202) 496-3476

Counsel for Respondents

³ Amended July Quarterly 2003, Schedule A, p.62 of 295 (Feb. 9, 2004) (correcting original report, p.61 of 290).